

Exhibit 31



Operation for the confiscation of terror funds - Background

26 Feb 2004

(Communicated by the GPO)

Yesterday morning, February 25, 2004, IDF and Israeli police forces, guided by ISA officers, carried out an operation for the confiscation of terror funds which were deposited in the Arab Bank and in the Cairo-Amman Bank in Ramallah.

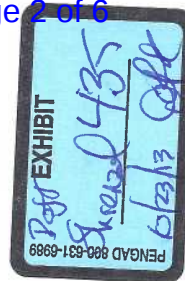
Information regarding these bank accounts was presented to the legal elements of the ISA, IDF and the Attorney General's Office - all of whom authorized the operation. A person whose funds were confiscated will be able to appeal the decision.

Background information: Funds that fuel terror

The terror HQs initiate and control terror activity by transferring large money sums to the terrorists in the field. Many terrorists make a living out of the perpetration of terror attacks. Terrorists questioned by the ISA relayed information regarding the funding they received for military activity.

Ahmad Sari Hussein

A Palestinian Islamic Jihad terrorist from Tulkarm, who perpetrated the 30 March 2003 suicide bombing in Netanya, in which 32 people were wounded. Hussein was paid NIS 10,000 by the former head of the PIJ in Tulkarm for his terrorist activity. He was informed



by a Hezbollah official in Lebanon that he would receive more funds only if he agrees to carry out further terror attacks.

Wael Ghanam

Ghanam is a Tanzim terrorist from the Tulkarm refugee camp. He was in contact with a Lebanese terrorist, from whom he received:

- \$7,000 in order to manufacture explosive charges.
- \$1,500 in order to purchase weapons. These funds were transferred to his sister's bank account.
- \$10,000 in order to fund his military activity.

Hussein transferred these funds to bank accounts of women he was in contact with.

Mountasar Abu Ghalyoun

One of the Tanzim commanders in Jenin who was involved in financing and perpetrating a large number of terrorist attacks, including four shooting attacks in which four civilians were killed. One of the attacks took place in Yaabed, on 30 June 2003 - one day after the beginning of the "Hudna."

In an announcement made after the attack, the Al Aqsa Martyrs Brigades stated that: "We have executed the killing... We reject and condemn the plots against our issue... especially what is named the Hudna."

During his interrogation he stated that the minimum payment for the perpetration of a terror attack is between NIS 3,000 to NIS 5,000. Abu Ghalyoun's gave details of the cost of purchasing weapons:

- M-16 A2 - NIS 30,000
- M-16 A1 - NIS 20,000 - 24,000
- AK-47 - NIS 7,000-10,000
- A locally-made Sanobal rifle - NIS 5,000
- Handgun - NIS 6,500 - 8,000
- A bullet for an AK-47 - NIS 10.
- A bullet for a Sanobal gun or rifle - NIS 2.50

- M-16 bullet - NIS 2
- A stolen vehicle or a vehicle without licenses that can be used in a terror attack - NIS 3,000 - 7,000 (depending on the type of vehicle.)
- A cellular phone chip for perpetrators - NIS 50.

The Goals of the Operation

- Disturbing the activity of terror organizations.
- Deterring terror organizations from using bank accounts as means for transferring money.
- All this while preserving the stability of the banks by only dealing with bank accounts being used for funding terror activity.

Types of bank accounts from which funds were confiscated:

Accounts of Institutes:

Associations that were outlawed, Palestinian Islamic Jihad and Hamas associations in the PA territories. Associations whose funds were confiscated during the operation:

- The Charity Association in Jenin

The association is managed by Hamas elements. It was outlawed by Israel in 2002. The Director of the association was Jamal Abu Al Hija - a Hamas terrorist who was arrested by Israel in 2002. Al Hija was an accomplice in the 4 August 2002 terrorist attack on a #361 Egged bus at Meron Junction in which nine people were murdered and 52 were wounded.

- The Al Aslah Association in El Bireh

The association is managed by senior Hamas terrorists. It was outlawed by Israel in early 2002. The founder and director of the association was Jamal Tawil, who was arrested in April 2002. Tawil recruited the suicide bombers who perpetrated the 1 December 2001 double suicide bombing on the Ben Yehuda St. pedestrian mall in Jerusalem, in which 11

people were murdered and 188 were wounded.

- The Al Ansar Charity Association

The association is managed by Nafez A'araj, a former senior Palestinian Islamic Jihad terrorist and currently a Hezbollah activist in Gaza. It was outlawed by Israel in late 2003. The association, directed by Hezbollah, transfers funds to families of suicide bombers and prisoners who are connected to terror activity. A'araj transfers funds to activists in order to perpetrate terrorist activities and arms smuggling.

Personal bank accounts from which funds were confiscated during the operation:

- An account in the name of Naef Abu Sham, a senior fugitive of the Tanzim infrastructure in Nablus who was behind the following terrorist acts:

- The 19 June 2002 suicide bombing of a crowded bus stop and hitchhiking post at the French Hill intersection in northern Jerusalem, in which seven people were murdered and over 30 were wounded;

- The 5 January 2003 double suicide bombing on a pedestrian mall in Tel Aviv's Neve Sha'an neighborhood, adjacent to the old central bus station, in which 23 people were murdered and approximately 120 were wounded.

- The account in the name of Yaman Faraj, a senior fugitive, the head of the PFLP's military infrastructure in Nablus, who was involved in the direction and planning of terrorist attacks, including the 25 December 2003 suicide bombing at Ge'ha junction, in which four people were murdered and 21 were wounded.

- The account in the name of Muhammad Abidin, a Hebron moneychanger who directed a ramified infrastructure in order to fund Hamas terrorism in the Gaza Strip. The sum of funds transferred by Abidin stands at \$1.6 million. This amount was transferred over several months.

Family Accounts:

Families of terrorists, when the account is for terrorist activity.

- The family account of Ala Al Abasi, a Hamas terrorist who is currently incarcerated. His cell is responsible for several suicide bombings in Israel. The funds were transferred to his account from Hamas due to his terrorist activity and served his family. Al Abasi was directly involved in perpetrating several of his cell's attacks:
 - Attacks against gas tankers in Gilot and Rishon Letzion and against trains in Lod and Yavneh.
 - The 7 May 2002 suicide bombing of a Rishon Letzion gaming club, in which 15 people were murdered and 55 were wounded.
 - The 9 March 2002 suicide bombing at Cafe Moment in Jerusalem, in which 11 people were murdered and 58 were wounded.